



**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on
October 25, 2011, 1:30 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairman Jimenez called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at 1:32 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Augustin Jimenez represented the Secretary of the Business, Transportation and Housing Agency.
Pedro Reyes represented the Director of the Department of Finance.
Francisco Lujano represented the State Treasurer.
Anna M. Caballero, Secretary of the State and Consumer Services Agency.
D. Everett Rice, Governor's Appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Marilyn Munoz, Julianne Talbot, Diane Cummings and Tad Thomas.

2. Executive Director's Report.

Executive Director Stan Hazelroth had nothing to report to the Board.

Consent Items:

3. Approve minutes from the meeting held on September 27, 2011.

Chairman Jimenez called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve this consent item. Mr. Reyes moved to approve the minutes and Ms. Caballero seconded the motion. The minutes were approved unanimously.

Action Items:

4. Resolution 11-25 approving an Infrastructure State Revolving Fund Program financing for the City of San Bernardino Municipal Water Department in an amount not to exceed \$10,000,000 to finance the Ogden 12 MG Reservoir Project, a public development facility to be located in the County of San Bernardino, California.

Mr. Thomas presented a staff report describing a request from the San Bernardino Municipal Water Department to approve an Infrastructure State Revolving Fund (ISRF) Program loan in an amount not exceed \$10,000,000 with a term of 20 years at a rate of 2.61% for the Ogden 12 MG Reservoir Project. Mr. Thomas reported that the project consists of the design and construction

of a 12 million gallons water tank and access road, and that the project will be part of the Department's storage/transmission system that transfers and distributed groundwater to higher elevation service areas. He reported that the project will address water storage deficiencies, provide a secondary source of water to the Verdemont area to assist with emergency fire flow and support the development of 49 acres, 15 acres and 886 acres of industrial, public use and residential lands, respectively. Mr. Thomas concluded his report explaining that the Department has two existing loans with the I-Bank's ISRF Program, and that the Department has made all payments on time and is in compliance with all loan covenants. Mr. Thomas introduced Mr. Matthew Litchfield, the Department's Director of Water Utility Administration.

Chairman Jimenez called for any questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 11-25. Mr. Reyes moved to approve the resolution and Ms. Caballero seconded the motion. The Board unanimously approved the resolution. Mr. Litchfield commented that the I-Bank has made all financing transactions seamless and easy for the Department and thanked the Board and the I-Bank for their assistance.

5. Presentation of the Comprehensive Annual Financial Report for the year ended June 30, 2011.

Ms. Talbot and Mr. Hazelroth presented the Comprehensive Annual Financial Report to the Board. Ms. Talbot gave an overview of the components of Comprehensive Annual Financial Report (CAFR), including a new statistical section that will provide the public, rating agencies and other interested parties with 10 year history of program, financial and other economic information. Mr. Hazelroth reported highlights of the report which included:

- Macias Gini & O'Connell, LLP, the I-Bank's outside financial audit firm, issued an unqualified or "clean" opinion on the financial statements.
- I-Bank Net Assets grew by \$3.9 million to over \$271 million.
- Despite the depressed economy, no ISRF Program loans defaulted and all loan payments were received timely; I-Bank Funds investment earnings were depressed, but no losses were incurred as a result of conservative investments pursuant to the I-Bank's approved investment policy that focuses on safety first, followed by liquidity and return in that order.

Chairman Jimenez called for any questions or comments from the Board or the public, and asked about the public reporting of the I-Bank's activities. Ms. Cristia-Plant responded to Chairman Jimenez' query and confirmed that the I-Bank's Annual Activity Report to the Legislature for the 2010-2011 fiscal year is due on November 1, 2011, and that report will contain information on the bond and loan activity and projected jobs impacts related to the financings done during the fiscal year. She also confirmed that the CAFR's statistical section contains program and bond information and reflects the I-Bank's efforts to be transparent in its operations and funds management. Mr. Reyes responded to a comment from Chairman Jimenez that the I-Bank should always be considering and researching potential new programs to fill financing needs as new trends emerge. Chairman Jimenez called for any additional questions or comments from the Board or the public. Hearing none, he closed the non-action item portion of the agenda.

Discussion Items.

Chairman Jimenez called for any discussion items; there were none.

Other Non-Action Business.

Chairman Jimenez called for any other business; there was none.

Public Comment.

Chairman Jimenez called for any public comment; Mr. Michael Dean from D.M.D. Electric addressed the board regarding his Electro Mechanical Linear Accelerator invention and requested the Board's assistance with obtaining financing from the proper State entity. After a brief explanation of his project, Ms. Cristia-Plant confirmed for the Board that staff would meet with Mr. Dean to assist him in his quest for financing.

Adjournment.

Chairman Jimenez declared the meeting adjourned at approximately 1:55 p.m.